

## Proposal to Raise Income Limits Increases D.C. Voucher Controversy - July 6, 2006

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#### GAO Report Sought

July 6, 2006 Washington, DC—Congresswoman Eleanor Holmes Norton (D-DC) today released a letter she and Senator Ted Kennedy (D-MA) sent to Comptroller General David Walker of the Government Accountability Office (GAO) requesting a GAO investigation of the operations and outcomes of the first two years of the controversial five-year D.C. school voucher program that provides federal funds for low-income D.C. students to attend private schools. Norton and Kennedy, who is the Ranking Member of the Senate Health, Education, Labor, and Pensions Committee, decided to request the investigation when the Washington Scholarship Fund, which administers the vouchers, requested a significant increase in income limits for children in the program from a maximum of 200 percent of poverty to 300 percent of poverty. This increase would mean that a family of four earning \$60,000 would receive the voucher if they were already in the program, although federal government programs do not allow recipients who “earn-out” to remain in low-income programs. Norton said that rules to handle genuine hardship earn-out voucher cases should be developed, not a blanket exception to all, contrary to federal law and other precedents. The Milwaukee, Wisconsin voucher program, which began in 1990, did not change the household income cap for families until 2005.

Although \$56 million will have been appropriated to the Washington Scholarship Fund over four years, there has been no congressional oversight of the program. “The need for oversight became acute when the program recently requested an increase in the income eligibility limits for children already in the program and revealed that it did not begin to recertify financial eligibility until the 2006-07 school year, the third year of the program,” Kennedy and Norton wrote. They are concerned about whether the program in fact is serving the needs of low-income children as specifically mandated.

In the absence of oversight information, the Kennedy-Norton letter requests an extensive review and report of requirements mandated by the D.C. School Choice Incentive Act of 2003. These include an analysis of: the methods used to recruit and select students and verify their family income; the number of children from public schools identified for improvement, corrective action or restructuring under federal law; methods used to determine if the private schools are meeting the program’s requirements annually; the factors affecting participation, including drop-outs and expulsions of students; and a comparison of academic achievement and rates of retention, drop-out, graduation and college admission of children receiving vouchers with the achievement and same rates of comparable children in the public school system.

Norton said that one bedrock principle all agreed upon when the Act was passed was that the program should be available only to low-income students. “The wholesale grandfathering in of all parents regardless of the circumstances of the increase in family income violates a cardinal principle of the voucher program and of every federal program for low-income families,” she said. Most seriously, it is not unusual in D.C. for families who earn considerably less than \$60,000 to struggle on their own to send their children to the city’s Catholic and other religious schools, in particular. The District is grateful that these families have remained in the city as taxpayers, although they do not use the city’s school system where so much of their taxes go. Invidious distinctions among low-income families in the same schools are the last thing this city needs.”

Congress always has rejected funding for a national private school voucher program except for the D.C. program because Americans of both parties oppose public funding of private schools. Norton vigorously fought congressional action that compelled vouchers here because she and the vast majority of the city’s elected officials and residents also oppose public money for private schools. Instead they pressed for public charter schools as the alternative to which residents have flocked in large numbers as the city’s preferred alternative to the D.C. public schools. D.C. remains the U.S. jurisdiction with the largest number of charter schools, as it was when the voucher legislation was enacted.

Despite violations and shortcomings during the first year of operation, Norton held off criticizing the program until the recent revelations. But last year, she was successful in opposing a Senate proposal to send voucher students to suburban private schools and another that would have dramatically raised both income limits and maximum scholarship amounts, and would have increased the amount of money allowed to cover the program’s administrative costs.

The full text of the letter follows.

July 5, 2006

Mr. David M. Walker

Comptroller General of the United States

United States Government Accountability Office

Dear Mr. Walker,

We are writing to request GAO to investigate and report on the implementation, operation and outcomes of the first two years of implementation of the D.C. School Choice Incentive Act of 2003. The Act authorized a 5-year program for low-income children in the District of Columbia to attend private schools, and authorized \$14 million annually for the program.

Congress was unwilling to fund a national private school voucher program but voted for a pilot program for low-income children in the District of Columbia only. Congress will have appropriated \$56 million for the program since its inception if it's funded at the authorized level this year, but there has been no congressional oversight of it. The only information currently available is from annual reports.

The need for oversight became acute when the program recently requested an increase in the income eligibility limits for children already in the program and revealed that it did not begin to recertify financial eligibility until the 2006-07 school year, the third year of the program. Eligibility apparently was determined for the initial school year, 2004-05, but there was no recertification for 2005-06.

In studying the implementation and outcomes of the pilot program, we request the GAO investigation to include at least the following:

- An analysis of the demographic and other characteristics of the children participating in and leaving the program, and the process used for enrolling children in the program, including an analysis of:
  - the methods used to recruit students;
  - the selection process for eligible students, including the process used for verification of family income and for communicating with parents throughout the application process;
  - the schools that eligible children had attended prior to enrollment in the program, including an analysis of the proportion of participating children who came from schools identified for improvement, corrective action, or restructuring under Section 1116 of the Elementary and Secondary Education Act of 1965 (ESEA); and
  - the number of children enrolled in the program at the beginning and end of each school year and the factors affecting participation in the program and attrition from the program, including the number of students who dropped out of private schools or were expelled from such schools, and the reasons for such action.
  
- A comparison of the academic achievement and rates of retention, drop-out, graduation, and college admission of the children in the program with the academic achievement and rates of retention, drop-out, graduation, and college admission of comparable children enrolled in the DC public school system, including a comparison of such outcomes for children in the program who came from schools identified for improvement, corrective action, or restructuring under Section 1116 of the ESEA with such outcomes for comparable children still enrolled in such schools.
  
- An analysis of the administration of the program and use of funds, including:
  - percentage and dollar amounts of grants awarded for tuition and transportation, and the number of students, if any, awarded more than the maximum grant, including reasons and verification for each child;
  - procedures for recertification and documentation of eligibility of students, including an examination of why eligibility was not recertified for the 2005-06 school year;
  - methods used to determine how private elementary and secondary schools met the program's requirements annually, including an analysis of participating schools that were dropped from the program for failing to meet requirements or withdrew from the program and the reasons for both, and the number of private schools that decided not to participate in the program and the reasons for their decisions;
  - procedures for ensuring financial accountability of the participating schools; and
  - the name and city of residence of voting members of the Board of the Washington Scholarship Fund for each year.
  
- Information regarding the statutorily required evaluation of the program, including:
  - a description of the process and criteria used to select the independent entity to evaluate the program and the qualifications of the entity selected;
  - an analysis of the research design and methodology that will be used to determine program outcomes, including what measures will be evaluated;
  - a description of the process and criteria used to select schools for the control group and the method used for selection; and
  - an analysis of whether the change to the student assessments in the DC public school system will impact the evaluation, and if so, a description of how the evaluation will take into consideration such change.

We look forward to your response to this letter. With our thanks and appreciation,

Sincerely,

Eleanor Holmes Norton

Edward M. Kennedy